

# spotlight europe

# 2013/01 — January 2013

## Vive l'Europe! Vive l'Union!

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The 50th anniversary of the Elysée Treaty between Germany and France is a good moment for both nations to look back with pride at what has been achieved. Cooperation between the two countries has shown that differences can generate positive energy, rather than being purely harmful. And that an ever closer Union is by no means a synonym for conformity. Now is the time to work together to make Europe a better place. But how can this be done?

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Is the European Union about to come to grief on account of the growing budgetary imbalances? The European Commission's report on Employment and Social Developments in Europe 2012 reveals that there are growing gaps between north and south, between young people and old people, and between debtors and creditors. And this is all happening in an EU that made a point of stating in its treaties that it wishes to have "a highly competitive social market economy, aiming at full employment and social progress." (Art. 3.3 TEU) On the occasion of the 50th anniversary of the Élysée Treaty Germany and France should try to meet this crucial European challenge and bridge the growing gap between the EU's ideals and social reality.

Europe is the stage on which the much-vaunted Franco-German couple can show what they can do.

This is not a new idea. In fact, it paved the way for the Élysée Treaty of 22 January 1963, and the following fifty years. At first, Franco-German cooperation concentrated on the "German problem," namely the role that postwar Germany was going to play in Europe during the Cold War. Many people today have forgotten this original endeavour and how important it was for Europe over five decades.

"The German problem is the European problem par excellence. European - just think back - since the emergence of the Roman Empire, that is, since Europe ceased historically to be limited to the shores of the Mediterranean, in order to extend as far as the Rhine; (...) Is it necessary to say that the events which have occurred during the first half of this [the 20th] century have made this problem more disturb-

ing and burning than ever? (...) For France, everything can be summarized in three closely interconnected observations: that we have to act so that Germany becomes a sure factor for progress and peace; to contribute, on this condition, to its reunification; to pursue the path and to choose the framework which will make this possible.”

This is what French President Charles de Gaulle said on 4 February 1966, and they were prescient words. In 1989, a truly momentous year, his socialist successor François Mitterrand adhered unwaveringly to these guidelines.

The German question back then was the European problem par excellence. In the united Europe of today the problem has resurfaced, though under a completely different set of circumstances. Nowadays many people in France consider a reunited Germany to be a role model, whereas others believe it is a fear-inducing bogeyman. In other words, if Germany is strong, it threatens to become a European problem. If it is weak, as was the case only ten years ago, it is also a problem.

## Complementary, not contradictory

“Germany is more than France can handle,” Jacqueline Hénard wrote in the *Frankfurter Allgemeine Zeitung* a year ago. In the middle of a united Europe the country between the Rhine and the Oder plays a central role, but it is not the one it played during the Cold War. The French have always been aware of this, even though some Germans seem to have forgotten it. Germany, with its geopolitical location in the heart of Europe, its eight (!) EU neighbours, its economic clout in the internal market, and of course its strength as an exporting nation is, if things go well, a great opportunity as far as Europe is concerned, and, if things do not, a bit of a risk. And it means that the government in Berlin has to be patient, and that it needs to exercise tact and discretion. In this context it is not actually necessary to talk about the past – the geographical facts speak for themselves.

Is Germany still going down the common path in Europe, or is it going at it alone? Is it merely looking after its own interests, or is it helping its partners to flourish and prosper? Throughout the recent EU crisis sensitive answers to such anxious questions have defined the image of Germany in France, as well as in Greece, Italy, and other countries.

Currently the French are in an especially sensitive mood. Arnaud Montebourg, a left-wing socialist and Minister of Industrial Renewal, is not the only person who thinks that what is going on at the moment is “la politique à la Bismarck.” So you think there’s no difference between 1871 and 2013? One is inclined to retort. Can such statements be taken seriously, or are they simply being said for personal, polemical, and image reasons?

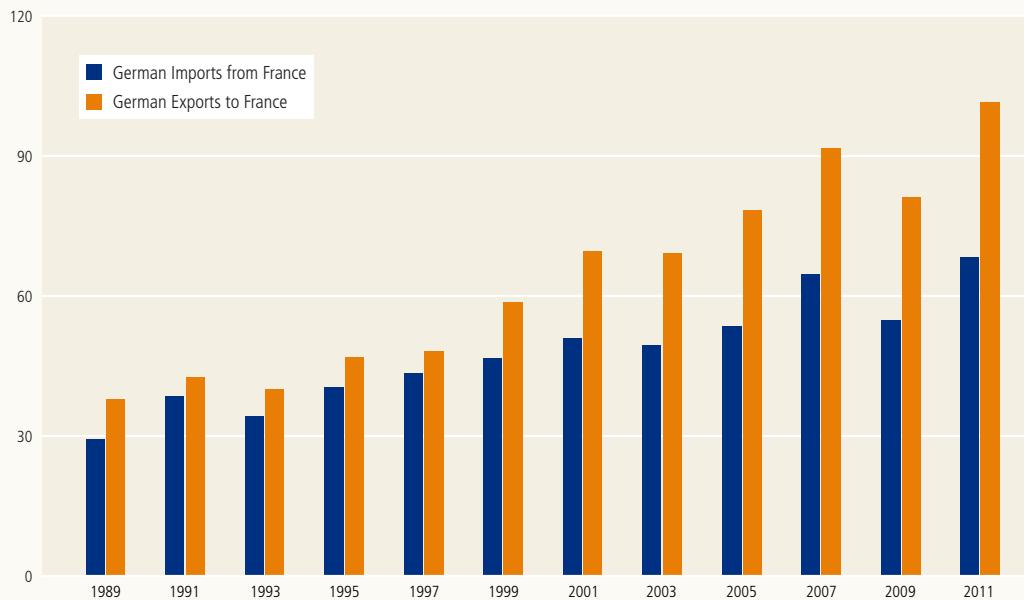
On the other hand, in Germany one hears people making chauvinist remarks about “the lazy Greeks.” There is an unmistakable German tendency to construe the country’s present comparative success as proof of its systemic superiority. In other words, Germany is doing everything right, whereas the others are doing the opposite. But is anyone seriously suggesting that a country with one percent of the world’s population (and it is getting smaller on a daily basis) can give the rest of mankind cast iron advice on how to get ahead?

“Our common future cannot be separated from a deepened and enlarged European Union.” This is what a Franco-German declaration proclaimed ten years ago, on the occasion of the 40th anniversary of the Élysée Treaty. Today things are not quite as simple. The deepening of the EU is now largely in the hands of the member states that have the euro, and enlargement has receded into the distance. In fact, reducing the entire EU to a eurozone EU or a core Europe based on a monetary, economic and political union is being pondered. Some see it as an arrangement with a brighter future.

As yet François Hollande, a socialist, and Angela Merkel, a Christian democrat, are still at loggerheads about how the EU is going to emerge from this crisis stronger than ever before. In point of fact, the two sides complement each

## Goods Imported and Exported, and Balance of Trade between Germany and France

In billions of euros, 2011



Source: Eurostat

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other perfectly. France wants a Europe based on social justice; Germany wants a stable and competitive EU. Once again one sees Paris thinking in terms of grand designs and sweeping visions of the kind the EU badly needs. Meanwhile Berlin is working away at tedious and self-imposed duties.

Solidarity and growth, discipline and responsibility, good economic policies and good social policies, are all necessary if Paris and Berlin want to extricate themselves and their European partners from the crisis. Again, this is not a new idea. In the history of the European Union the two partners have always had to strike a balance and indeed reach a compromise between a liberal economic order and a social order based on the notion of solidarity. Now they are going to have to pursue this quest in tempestuous times, if, that is, they want to live up to their traditional leadership role. That is the impression one gets at first sight. However, if one takes a second look it becomes apparent that the ideas of the two sides do not entirely coincide. Berlin would like a convention in order to amend the treaties. Furthermore, talk

about the United States of Europe no longer shocks anyone in the German government – nor in most of the opposition. Things are different in Paris, where no one currently dares to broach concepts and visions of this kind.

Yet in Europe a community of solidarity cannot materialize unless democracy is strengthened on both the national and European levels. The fiscal compact, which constitutes the cornerstone of the EU's [or is it the eurozone?] economic policy, is a provisional affair. It must be incorporated into the treaties as fast as possible, and democratic control should be exercised by the elected parliaments and not by the European Council and the national governments. None of this is possible without amending the treaties. Thus France is only temporarily evading the forthcoming grand debate about new rules and regulations for stronger institutions.

The current differences between Paris and Berlin are not cause for despair. It is a fact that since the end of World War II the beginnings of grand Franco-German initiatives designed to bring about a united Europe were usually

not marked by unanimity, but by the opposite. As French political scientist H el ene Miard-Delacroix recently pointed out in her perceptive “Deutsch-franz osischen Geschichte”, phases of rapid progress alternated with those in which everything was in the doldrums.

The Franco-German relationship derives its strength from all these dissimilarities, and indeed from the differences between the partners. Thus the two countries are living proof of the fact that an ever closer union certainly does not encourage conformity and centralism. The differences do not actually disappear in the course of integration, and if anything they become more pronounced. There is a need to compromise, but in the end it guarantees the survival of diversity.

## Better than Conformity

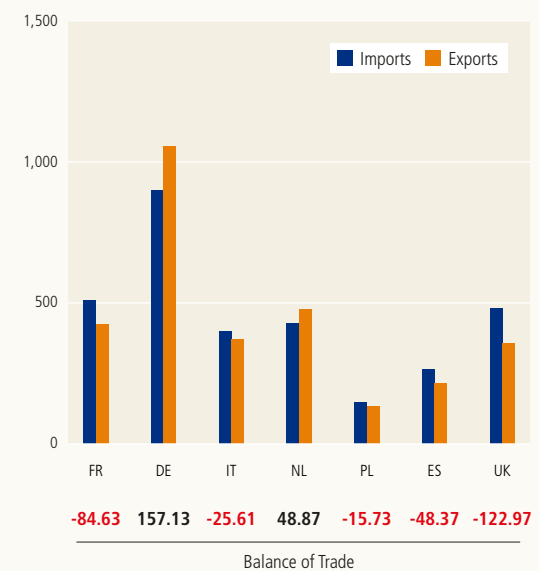
A few examples may make it easier to understand these Franco-German differences. To this day the (west) German elites approve of European integration. This has never been the case in France. Since the post-war era and far into the 1980s a third or, at a later stage, almost a quarter of the electorate voted for the Communist Party, which execrated European integration just as much as it rejected the Fifth French Republic. To this day extreme right-wing and extreme left-wing parties, which reject the EU, manage to secure the support of nearly a fifth of the electorate.

After the French rejection of the Constitutional Treaty in 2005 eurosceptics and anti-Europeans began in earnest to infiltrate the right-wing government, and are now doing the same with the left-wing government. They are a small though vociferous minority. This state of affairs cannot really be equated with the views of successive German governments and their staunch pro-European stance. These voter preferences shape public opinion in the two countries in very different ways and on certain occasions do not make it any easier to govern, especially in Paris.

Our second example is also very revealing. Until recently the combination of German economic power and French leadership acumen was

## Goods Imported and Exported by Selected EU Member States

In billions of euros, 2011



Source: Eurostat

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considered to be the engine of European unification. It has not been entirely forgotten that Helmut Kohl once said that a German chancellor was well advised to bow three times to the French flag. Today some French citizens bow discreetly to the German flag since it stands for the kind of economic success and the (as yet) stable social conditions which they wish they had in their country. Others warn that there is a danger of German dominance and arrogance. This is perhaps an area in which German observers need to make some distinctions.

When one talks of “France,” one is referring to its political, media and intellectual elite. Ordinary people often look at the state of their country in a far more critical way, and for this reason more realistically, though occasionally in a far more pessimistic manner than the people at the top in Paris. At the beginning of the year the opinion research institute M ediascopie conducted a survey entitled “France, the country of lost illusions” for the Le Monde newspaper. In France fear was a more powerful emotion than the desire to be rebellious, and the crisis in the economy was leading to

a crisis in the world of politics. A fear of globalization and a lack of trust in policymakers are of course not peculiar to France, and in this respect our neighbours are no different to us and to other people in the West.

And finally, another example sheds some light on the fact that occasionally the two partners have a distorted view of each other. German commentators like to describe and indeed to disparage the French economy as being interventionist, dirigiste, or even “colbertiste.” There is an element of truth in this, and yet it is certainly not the whole truth. Let us not forget the fact that the German government’s own energy transition, or *Energiewende*, is a good example of interventionist industrial policy.

France is one of the richest countries in the world (it comes in 5th place after the US, China, Japan and Germany); its per-capita income puts it in the top EU bracket; and it has a higher life expectancy rate than almost all other countries, and a higher birth rate than its EU neighbours (and in this respect it leaves Germany a very long way behind). Indeed, in the medium term its competitiveness is certainly on a par with Germany.

## Pessimists, but fighting on?

Can such signal successes really be the result of a “fear of the world”? It may of course be true that such anxieties exist in certain minds, and the political scientist Pascal Perrneau has claimed that the French hold the world record for pessimism. Yet France’s strengths are easily overlooked by the French themselves and by their friends. In a direct comparison with Germany, it was for a long time the better of the two. Among the 500 largest companies in the world there are just as many French names as there are German ones. And when one compares it with all its other European partners France actually comes out rather well. If one bases one’s comparison on the German data to the exclusion of all else, one will simply end up with distorted results. In a very low-key way in 2012 France succeeded in placing bonds on the international market and in borrowing money at low rates of interest despite the negative comments of the rating agencies.

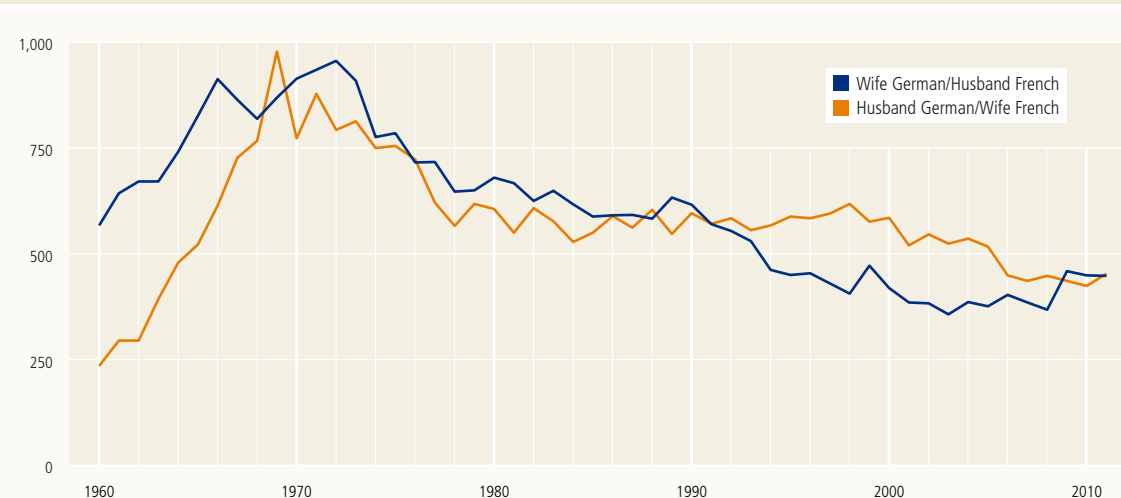
However, the French weaknesses cannot be denied, and experts and politicians are certainly aware of them. The government share of the economy, which almost reaches 57 percent, is one of the highest in Europe. The ideal career as it suggests itself to a young Frenchman is not that of a free entrepreneur or inventor. It

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## Franco-German Marriages in Germany

Marriages between 1960 and 2011



Source: Destatis

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continues to be embodied by ENA (École nationale d'administration), the elite graduate college for government, public administration, and the economy. The traditional budget policies designed to stimulate growth by means of government spending (on social issues) is coming up against certain constraints on account of a level of indebtedness amounting to more than 80 percent of GDP and a low level of growth amounting to less than 0.4 percent. This is no doubt a European phenomenon, but it is more noticeable in France than elsewhere.

The report commissioned by the left-wing government in the summer of 2012 from Louis Gallois, the former head of EADS, the aerospace company and defence contractor, for a "French industrial competitiveness pact" lists further shortcomings such as the low level of spending by industrial companies on research, innovation and training; the insufficient amount of capital being made available to "the industrial enterprises;" the lack of innovative and strongly competitive companies; and the not particularly productive social dialogue. According to the report, half of the country's exports were generated by the 200 largest companies, and these conducted almost two-thirds of the research. This was something not everyone in the French government was happy to hear.

Industry is no longer as important as it used to be, and over the last decade 700,000 jobs have disappeared (Uterwedde). The balance of trade has slipped into the red, and unemployment, especially among young people, has gone up, a sad tendency though not a new one.

## The Élysée is not Elysium

In the election campaign, Hollande declared that debt reduction was his top priority. He would of course have preferred to renegotiate the European Fiscal Compact, and in fact as late as autumn some members of his party tried to torpedo the idea. Hitherto Hollande's only contribution to the European reform debate is a European growth pact. This is not yet ready to be implemented across the entire EU. And the financial transaction tax (on which agreement was reached with Berlin) still has to be adopted

by the rest of Europe. The European Banking Authority, established in December 2012, is a Franco-German compromise par excellence, and seems a far more promising venture.

Germany's strength is France's problem, and France's weakness is Germany's problem. This is the way it is. Nor is it particularly new, for at the beginning of the 1980s there were similar asymmetric images of the two partners, especially after German reunification. And at the beginning of the 21st century many people in Europe, and of course in Paris, poked fun at the "sick man on the Spree," without noticing that he was in the process of recovery.

These things are not minor matters. However, they are not the only things that determine the potential of the Franco-German couple. What really matters is political will. It seldom emerges all at once, and tends to be the result of tough negotiations and at times painful compromises. At the time of the Élysée Treaty and in an EEC with no more than six members many things were less complicated. In an EU with 27 partners the traditional Franco-German initiative is now only a necessary precondition, though no longer a sufficient one, for European policymaking.

Nowadays the latter is no longer measured only in terms of the level of agreement between Paris and Berlin, and is scrutinized immediately in order to see whether it is of use for all of the EU. The kind of exclusive talks that were held 50 or even 20 years ago are gone for good. But that does not make the procedure any easier.

However, at the moment the partners are finding it hard to do what needs to be done. What is adequate seems to be even more difficult. That is the state of the game, at least for the moment. But does that call for doom, gloom, and despair?

What are Paris and Berlin going to present to their citizens and their partners on the occasion of the 50th anniversary of the Élysée Treaty, and how are they planning to perpetuate the story of their shared success at the end of the 20th century, so that it will resound throughout the 21st century? The story will have to be European in character, for otherwise it will be of little interest



to anyone. It will have to accept the world as it is, as a daily challenge and not as a source of fear and anxiety. And more to the point, it should not allow itself to be swayed by the beautiful name of its place of birth. The Élysée is not Elysium. It is not a place for the blessed and the heroes of the past, but simply a place where people can work to forge a better Europe. ■

#### Further reading:

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